

**GOVERNMENT OF INDIA
SHIPPING
LOK SABHA**

UNSTARRED QUESTION NO:4813

ANSWERED ON:30.03.2017

Impact of Baltic Dry Index

Gandhi Shri Feroze Varun

Will the Minister of SHIPPING be pleased to state:

- (a) whether the Government is aware of the Baltic Dry Index (BDI) issued globally as an economic indicator with regard to the shipping industry/sector;
- (b) if so, the details and impact thereof with reference to the Indian shipping sector;
- (c) whether the falling of BDI has put a considerable economic strain on the Indian Shipping Industry/Sector and if so, the details thereof along with the remedial measures taken/being taken by the Government in this regard;
- (d) the annual profit and loss statement of the Shipping Corporation of India (SCI) for the last three years and the current year; and
- (e) the steps taken/being taken by the Government to ensure that the shipping industry/sector including SCI does not fall into losses due to falling BDI?

Answer

MINISTER OF STATE IN THE MINISTRY OF SHIPPING
(SHRI PON. RADHAKRISHNAN)

(a) Yes, Madam.

(b) The Baltic Dry Index (BDI) has been prevailing at very low levels for the past few years and it indicates that the freight levels in the dry bulk market are prevailing at lower level having an adverse impact on financials of global shipping companies operating in the dry bulk segment, including Indian shipping companies.

(c) The falling BDI indicates that the freight rates in the dry bulk segment are under pressure and profitability of the dry bulk shipping companies will be adversely affected. The freight rates are driven by demand and supply scenario of dry bulk carriers (ships) worldwide. However, in order to protect the Indian shipping companies from market fluctuations, the Directorate General of Shipping has announced a special lay-up package for Indian bulk ships in June, 2016 that eased the process of lay-up for Indian registered ships.

(d) The net profit of SCI for the last three years and for the none months ended 2016-17 is as under:

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Financial Year 2013-14 2014-15 2015-16 2016-17 (9 months ended 31.12.2017)

Net Profit (Rs. in crores) (-) 275.00 201.00 377.00 43.16

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(e) Government has taken number of steps to support Indian shipping industry, namely:-

- (i) Indian Shipping industry has been provided cargo support in the form of right of first refusal.
- (ii) Exempted Customs and Central Excise duty leviable on bunker fuels used in Indian flag vessels carrying a mix of EXIM, empty and domestic containers between two ports in India.
- (iii) Government has brought parity in the tax regime of Indian seafarers employed on Indian flag ships vis-À-vis those on foreign flag ships.
- (iv) Government has allowed shipping enterprises based in India to acquire ships abroad and also flag them in the country of their convenience.
- (v) Reduction of Central Excise duty on capital goods, raw materials and spares used for repair of ocean going vessels.
- (vi) Government has allowed 100% FDI in the shipping sector.
- (vii) Zero rating of services of transportation of export cargo by Indian ships.
- (viii) Reduction of service tax incidence on coastal shipping.

(ix) Acquisition of all type of ships, through import has been brought under the Open General Licence (OGL).
